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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2456



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INTERNATIONAL AFFAIRS

CEMA TRADE IN CONSUMER GOODS DETAILED

East Berlin AW DOKUMENTATIONEN ZUR AUSSENWIRTSCHAFT in German Vol 11 No 31, 11 July 83, pp 1-2

[Article by Information and Public Relations Department, GDR Ministry for Foreign Trade: "Trade in Consumer Goods"]

[Text] The export of CEMA countries (excluding Cuba and Vietnam) of industrial consumer goods increased from 1970 to 1980 to 3.1 times the volume, or to 10 billion rubles, imports rose to 3 times the volume, or 8.95 billion rubles. In comparison to 1980, the trade in consumer goods in 1981 expanded by 11 percent. CEMA countries are continuing the pace of development that began in the 1970's.

The main portion of consumer goods trade is made up the mutual exchange of the CEMA countries (1981: 57 percent), which is being developed on a stable schedule within the framework of the long-term trade agreements. The export of industrial consumer goods in mutual trade amounted to:

- 5.5 billion rubles from 1961 to 1965
- 8.8 billion rubles from 1966 to 1970
- 15.1 billion rubles from 1971 to 1975
- 24.8 billion rubles from 1976 to 1980

The trade agreements for the period 1981-1985 provide for a further increase of mutual supplies in comparable prices of 32 percent, including a 35-percent increase in materials, a 21-percent increase in clothing and linen, a 45-percent increase in furniture, a 47-percent increase in knitted goods and a 43-percent increase in washing machines.

In spite of its rapid development, the exchange of consumer goods did not lead to any fundamental changes in the commodity structure of the mutual trade of the CEMA countries. From 1976 to 1980, the exchange of goods made up about 10 percent of mutual trade. The causes were the preeminent pace of growth of trade in machinery and also the development of prices for raw materials, particularly for energy sources. In spite of this, the information bulletin of CEMA, WIRTSCHAFT-LICHE ZUSAMMENARBEIT DER RGW-LAENDER (5/83) established in a survey that the share enjoyed by consumer goods does not come remotely near the possibilities and needs of CEMA countries.

Among the CEMA countries the principal exporters of industrial consumer goods are the People's Republic of Hungary, the GDR, the People's Republic of Poland and the USSR. They account for almost 70 percent of this export. The largest suppliers by product groups are:

- the CSSR, the People's Republic of Hungary and the USSR for materials,
- the People's Republic of Hungary, the GDR, the People's Republic of Poland, and the Soviet Republic of Rumania for knitted goods and the
- CSSR, the People's Republic of Poland and the Soviet Republic of Rumania for shoes.

Trade in technical consumer goods showed the most dynamic development. Compared with 1970 their export grew in 1981 to 3.3 times the volume. The leading exporter in this area is the USSR. For example, in 1981 it shipped to the other CEMA countries: 1.2 million radios, 480,000 television sets, 374,000 refrigerators, 218,000 washing machines, 841,000 cameras and 10.4 million clocks.

The largest importer of industrial consumer goods is the USSR. Among the goods it imported from 1976 to 1980 were 783 million m² of material, clothing and linen for almost 4.7 billion rubles, knitted goods for about 1.1 billion rubles, furniture for about 1.6 billion rubles and 247.1 million pairs of shoes. Between 1976 and 1980, the USSR purchased industrial consumer goods in the other CEMA countries with a total value of 15.3 billion rubles, about 62 percent of the total consumer goods export in mutual trade. Soviet imports of consumer goods from socialist countries increased between 1976 and 1980 by about 55 percent, between 1981 and 1985 it will again grow significantly.

Other CEMA countries also increased their imports from fraternal countries, Rumania by 85 percent, Hungary by 60 percent. Poland by 53 percent and Bulgaria by 40 percent.

Meeting Own High Needs

By continuously increasing production and supplying each other, the CEMA countries satisfy their requirements for industrial consumer goods to a large extent themselves, for instance, in the case of materials, refrigerators, television sets and washing machines, it is more than 90 percent. In 1980 they met more than 93 percent of their import requirements for refrigerators by mutual deliveries. The corresponding figure (in percent) for clocks and watches was 96.9 percent, for washing machines 87.6 percent, television sets 86.2 percent, furniture 85.3 percent, fancy goods 71.5 percent, radio sets 63.5 percent, knitted goods 44.5 percent and materials 39.3 percent.

Consumer goods from CEMA countries, for example, have a market share of 13 percent in the People's Republic of Hungary. In the USSR they constituted more than 5 percent of the total retail trade turnover, including 12 percent for materials, 13 percent each for ready-made clothes, furniture and tableware and more than 20 percent for shoes.

Foreign Trade of CEMA Countries in Industrial Consumer Goods

	Export				
	1970	1975	1980	1981	In Percent ¹
	In Millions of Rubles				
Bulgaria	265 (14.7) ²	361 (10.3)	605 (8.8)	702 (9.2)	+16.0
Hungary	445 (21.3)	818 (20.4)	1769 (17.4)	1926 (17.4)	+ 8.8
GDR	831 (20.2)	1176 (15.6)	1806 (14.8)	1994 (14.1)	+10.4
Mongolia	4 (5.9)	14 (9.1)	26 (9.6)	34 (10.8)	+32.3
Poland	514 (16.1)	1127 (14.6)	1782 (15.3)	1587 (15.6)	-11.0
Rumania	302 (18.1)	642 (16.1)	1238 (16.2)	1330 (15.7)	+ 7.4
USSR	319 (2.7)	735 (3.1)	1254 (2.5)	1026 (1.8)	-18.2
CSSR	566 (16.6)	1061 (18.2)	1583 (15.9)	1833 (16.7)	+15.8
	Import				
	1970	1975	1980	1981	In Percent ¹
	In Millions of Rubles				
Bulgaria	94 (5.7)	205 (5.1)	283 (4.4)	358 (4.7)	+26.5
Hungary	172 (7.7)	331 (7.1)	814 (7.7)	991 (8.7)	+21.7
GDR	197 (4.5)	468 (5.6)	669 (5.0)	698 (4.9)	+ 4.3
Mongolia	39 (36.7)	64 (33.4)	77 (20.9)	92 (19.5)	+19.5
Poland	206 (6.4)	495 (5.3)	832 (6.4)	696 (6.0)	-16.3
Rumania	96 (5.5)	150 (3.8)	266 (3.0)	290 (3.5)	+9.0
USSR	1932 (18.3)	3447 (12.9)	5407 (12.2)	6785 (12.9)	+25.4
CSSR	283 (8.5)	491 (7.7)	604 (5.9)	576 (5.3)	-4.6

¹1981 compared to 1980

²In parentheses: share of industrial consumer goods in the country's exports or imports

Sources: CEMA Bulletin: WIRTSCHAFTLICHE ZUSAMMENARBEIT DER RGW-LAENDER 5/83, Shares: "Statistisches Jahrbuch der RGW-Laender 1982 [Statistical Yearbook of the CEMA Countries 1982]

Production of Selected Consumer Goods in European CEMA Countries

	Units in Millions	1970	1975	1980	1981	In Percent ¹
Materials	Million m ²	13,042	14,699	15,507	15,520	119
Knitted Outer Goods	In Millions	672	873	988	972	145
Knitted Undergarments	In Millions	1,376	1,637	1,950	1,977	144
Leather Shoes	Millions of Pairs	1,074	1,162	1,254	1,243	115
Radio Sets	In Thousands	10,831	12,476	13,523	13,644	126
Television Sets	In Thousands	8,898	9,921	10,444	11,005	124
Cameras ²	In Thousands	2,879	3,908	5,301	5,405	188
Vacuum Cleaners ³	In Thousands	2,733	4,965	5,863	6,108	223
Washing Machines	In Thousands	6,563	4,962	6,100	6,211	94.6
Refrigerators		5,775	8,132	8,580	8,551	148

¹1981 compared to 1970

²Only the GDR, Poland, USSR and CSSR

³Without Bulgaria

Source: "Statistisches Jahrbuch des RGW-Laender 1982"

Export of Consumer Goods of CEMA Countries to CEMA Countries

	Units in Millions	1970	1975	1980	1981	In Percent ¹
Materials ³	Million m ²	903	888	852	780	86.3
Ready Made Clothes	Million Rubles	748	1,379	1,718	1,772	236
Knitted Goods	Million Rubles	168	327	529	573	341
Leather Shoes	Millions of Pairs	68	94	96	92	135
Refrigerators	In Thousands	301	803	1,327	1,206	400
Sewing Machines	In Thousands	433	403	485	396	91.4
Radio Sets	In Thousands	1,556	2,497	2,362	1,843	118
Television Sets	In Thousands	368	760	1,099	1,097	298
Clocks & Watches	In Thousands	14,540	22,190	28,919	30,803	212
Cameras	In Thousands	1,028	1,555	1,745	1,747	170
Furniture	Million Rubles	273	526	840	866	311

¹1981 compared to 1971

²The falling trend is linked with the rising production of ready made clothes, whose export more than doubled from 1970 to 1980.

³Without the CSSR

Source: RGW Bulletin: WIRTSCHAFTLICHE ZUSAMMENARBEIT DER RGW-LAENDER 5/83

In recent years, directions specific to certain countries have developed in the manufacture and supply of consumer goods. Major exporters are:

- Poland and Hungary for electrical goods, shoes, clothing and drugs,
- the GDR for electrical household goods, lighting equipment, films and sewing machines,
- Mongolia and Bulgaria for fur and leather goods,
- Rumania, the GDR and Hungary for knitted products,
- the CSSR, Poland and Hungary for shoes,
- the CSSR and the GDR for household china,
- the CSSR for jewellery,
- the CSSR, Rumania, Poland and Bulgaria for clothing and linen.

Prospects

In accordance with the economic and social policies of the CEMA countries, the production and mutual deliveries of consumer goods will increase continuously in the next few years. In addition to quantity, qualitative factors will become increasingly prominent. This is taken into account in the Long-Term Program of Objectives of the CEMA countries in the area of industrial consumer goods, which was determined upon at the 23rd CEMA Congress. By putting concerted measures into practice, its object is to increase the production of industrial consumer goods, to improve their quality and to expand and offer a new selection in order to satisfy the growing and well-founded needs of the population better. It provides for an increase in the production and mutual deliveries in particular of materials, clothing, knitted goods, shoes, furniture, tapestry products, porcelain items, products of crystal and glass, electrical and radio equipment and other durable consumer goods. In order to realize these goals, the program contains measures to expand further the raw materials basis of consumer goods manufacture, to use available capacities more efficiently and to create new capacities as well as expanding and consolidating the specialization of the manufacture of consumer goods. The realization of this program has already begun. For instance, Bulgaria, Rumania and the CSSR will expand their annual capacity for the manufacture of furniture materials by 33.7 million m² by 1990 to benefit increased deliveries to the People's Republic of Mongolia, the People's Republic of Poland and the USSR. Interested CEMA countries made similar agreements with respect to artificial furs, furniture and furniture veneers. Agreements exist on the development and manufacture of new color television sets, cooperation in the manufacture of modules for color television sets, the development of new refrigerators and freezers and of automatic washing machines and subassemblies for their production. The existing treaties on specialization and cooperation in the manufacture of selected toys and sports articles were renewed for the period 1981 to 1985.

9581

CSO: 2300/388

SMUGGLING FOR DOLLARS IN EAST BLOC

Hamburg DIE ZEIT in German 9 Sep 83 p 19

[Article by Karl Stipsicz: "Smuggling according to plan"]

[Text] Once a month Boguslaw Cybulski would buy himself a ticket and board a train going to Romania. It was not for the pure joy of traveling, however, which got the young Polish head of family to Warsaw's central railroad station so regularly during the 1970's. Nor did his luggage suggest he was an ordinary tourist: His shabby suitcases would contain Polish and western perfumes, bath oils and body lotions of all sorts and a dozen Levis jeans.

The customs officials on the Russian-Polish border--the Warsaw-Bucharest express passes through Soviet territory--would benevolently close both eyes in view of such fragrant splendor while stretching out their right hand so as to make the American cigarettes disappear in their coat pockets then, as skillfully as inconspicuously. They would also "forget" to stamp the passports.

Just before getting to the town of Gorodok, someone would then always pull the emergency brake in the train and Cybulski, as by command, would jump into the darkness with his precious baggage. Not all by himself, of course. Another 20 men with inconspicuous little suitcases would run with him to the nearby village where Shigulis--the Soviet version of Fiat 124--would be waiting to take the speedy guests to Gorodok. On the black market there the contents of the suitcases would change owners. Soap and jeans for diamonds and gold rings. Not too much of a price at that, since Soviet citizens like American farm pants as much as FRG citizens like their new cars. But gold is relatively cheap in the country which, along with South Africa, is the biggest gold producer on earth.

When the train then, slightly delayed, arrived at Lvov, 30 kilometers beyond Gorodok, Cybulski and his contraband companions would be waiting for it at the railway platform. After reaching their Bucharest destination, they could take it a little easier selling their loot. The diamonds and gold rings, their quality guaranteed by the Russian business partner, Cybulski would trade for several dozen jeans. Where the Romanian gypsy had gotten them was not inquired into--it being a trade secret.

After a sumptuous meal and several dips into bars the traveling salesmen would be back in the train. The Romanian customs officials did not care about what the suitcases contained; a carton of Kent cigarettes had already mollified their

bureaucratic hearts. During the return trip the emergency bribe spectacle would be repeated, with the Soviet conductors receiving a bottle of vodka. Again jeans were traded for golden and diamond treasures, hidden--just to be sure--behind an edging in the outworn compartment of the train. Not until getting out of the Warsaw station would Boguslaw Cybulski permit himself a true sigh of relief. The conversion of the contraband into U.S. dollars was no longer up to him; that was up to Adam, the boss of the gang, whom "ordinary" smugglers would never even have a chance to see personally.

Such and other smuggling operations earned Cybulski a respectable side-income in the 1970's of 350 dollars--enough to pay for a three-room apartment in one of the better quarters of Warsaw, a car and a stereo set. But when the state of military law was decreed on 13 December 1981, that profitable business came to an end. Since then Cybulski lives on a meager income as an engineer and has been hoping for liberal travel regulations.

Dollars--the Secret Currency

In other East European countries, to be sure, the border crossing resale business is still thriving, making use of the organizational impotence of the socialist planned society. Czechs, Romanians and GDR citizens, though they may only seldom travel to the west, or not at all, may still visit their eastern fraternal countries at least every 2 years. Only the bloc-free Yugoslavia, used by many eastern tourists as the springboard for the, to them, still golden west, and recently also Hungary are treated almost like western foreign countries as far as the issuing of passports is concerned. Nothing would justify talking about open borders now, 34 years after the founding of CEMA.

Despite or perhaps because of being so closed off from Western Europe, the dollar enjoys nearly magic veneration in the intra-bloc trade. There is not one CEMA country where one could not get everything the citizen's heart desires, except a travel permit, for the lead currency of the capitalist--and, as it were, also the socialist--world. How else but in terms of dollars could one compare the value of Czech shoes, the best in the East Bloc, with Cuban rum and Romanian guitars, the cheapest in the East Bloc? So it is only logical that the black market rate for the dollar is roughly 15 percent higher than the exchange rate for a corresponding amount of marks or Swiss francs, which likewise enjoy high respect in the people's democracies. For rubles, nobody gives a damn anyway east of the Elbe. Even the CEMA member countries compute deliveries exceeding the contractually agreed trade contingents in terms of hard dollars.

The golden rules of capitalism, hardly any longer denied in their validity by economics professors, at least in Warsaw and Budapest, turned the forint into the unofficial lead currency for East tourism. The Hungarian currency gets devaluated in regular intervals and, furthermore, is shored up by stocks of goods that seem immense as far as Soviet and Romanian conditions go. The Magyar miracle is not easy to explain to the Soviet citizens. The ready propaganda formula says: "The Hungarians need not queue up because we are helping them." There are special accessories Soviet tourists always take along when traveling to the socialist West: Crimean champagne and vodka, for sale.

Thanks, not last, to the Kadar regime's petty capitalist experiment, Budapest has turned into the Hongkong of the East. The citizens from the fraternal states are denting their noses pressing them against the show windows behind which they can see English tea, French perfume, and Japanese cameras. The latest hit: Video equipment and the new compact-disc intallation, without which the prestige-conscious East Europeans hardly can do any longer. The "Western Product" seal stands for quality as well as for flourishing trade once the label gets forged. Shrewd traders simply sew a Levis label on "ordinary" jeans, which triples the value of slacks. Despite horrendous prices all luxury items find buyers. Physicians, black marketeers and managers with experience abroad form a small stratum of consumers with strong purchasing power in all CEMA states, kept from developing their consumer enterprise by only one thing: the shortage of goods.

The supply and demand interaction, having become imbalanced like that, not only leads to surplus purchasing power and, hence, to inflation, but it also insures the subsistence of racketeers and speculators, who are alleviating the shortages by dubious means. The Budapest professor of economics Janos Kornai has devoted to the economic gap a 600-page work with the suggestive title "The Shortage." He explains the non-functioning of the planned economy system by means of distinct curves and formulas. Overcoming the permanent crisis by an official supply policy is something that Kornai, allegedly favored for the Nobel Prize in economics in secret, simply regards as hopeless. To understand his recipe for changes one need not even read between the lines: Prudent but radical reforms --tending toward a market economy.

Useful Idiots

Irrespective of all theories, shrewd racketeers in the East can literally provide everything the state denies its citizens in goods. Western relatives, acquaintances and corrupt customs officials serve as "useful idiots" in the procurement of goods. They like to provide the necessary foreign exchange for spare parts and luxury items by selling antiques and coins leaving the country, not so rarely, in untouchable suitcases of Arab and West European diplomats. Many an emigre aristocrat rediscovered after 40 years an heirloom thought lost--in the catalogues of reputable auction houses.

The past masters of the West-East monopoly game in use are gypsies circa 4 million of whom live in Eastern Europe, according to estimates of the Gypsy World League in London. As restless wanderers and a freedom-loving people this group has thus far been an unresolved social and economic problem for the socialist governments. As traders the Roma and Sinti are unsurpassed, however. Fine metal and antique peddling is essentially done in all of Eastern Europe, except for the GDR, by gypsy clans. In Romania's collapsed economic system, their organizational talent and knowledge of languages even help them to play a major economic role. In the former Transylvanian capital Cluj, the top bosses of the competing clans have themselves chauffeured around, like the communist city bosses, to let no doubt arise about how rich they are. The police are looking on, open-handedly.

Minor business is left to the tourists who have to subsidize their short fiscal eastern currency allocations by smaller acts of smuggling. The Bulgarians, not exactly eager to travel, know how popular their rose-scented Cologne is.

Bulgarian drums likewise find enough buyers among the music-loving youth of Hungary and the CSSR. East Bloc glory, apart from the shoes, also is enjoyed by Czech sports equipment and Prague writing utensils, the indestructible cheap electrical equipment from Moscow, Polish towels and Romanian ceramics. The treasures picked up are sold on black market spots known around town or simply in Metro stations. Only professionals have a firm stock of customers.

GDR Citizens Stay Clean

The only ones not taking part in this popular vacation game are the GDR citizens, generally known in the first place as obsequious and officially cowed men of integrity. The relative wealth of what once was the East Bloc economic miracle country does not make such business dealings absolutely necessary. As business languages for eastern transactions German or English do well, and nothing could suggest the lack of popularity of the Russians better than the fact that, although a mandatory language in most eastern states, Russian is hardly spoken by any young person.

There are hardly any figures about illegal trade among the CEMA states. Only Yugoslav and Hungarian newspapers permit small glances into the world of smuggling. The readers of the Budapest economic magazine HVG, set up in the SPIEGEL style, found out there is one professional smuggler per 4,500 travelers. The exactly 6,598 indictments of 1982 mainly related to stereo equipment, furs and quartz clocks, coffee, gold jewelry and carpets. One businessman intending to smuggle a diamond collection at a conversion value of M 300,000 to the West 2 years ago got into trouble. He was arrested, as also was the owner of an old Ford in the trunk of which a sharp customs official found 10 kilogram of quartz watches.

A Jewish emigrant to the West from the Soviet Union was luckier. He took along to the West, along with his clothes, a dented and dirty bowl--"an heirloom from my mother"--as he explained to the suspiciously amazed customs officials. In Vienna, the first western stop, the emigrant started to scratch the dirt layer off the strange bowl. And what showed up was pure platinum. The man from Kiev had traded all he owned for platinum and then had it shaped into an inconspicuous bowl. A no less shrewd countryman of his put platinum nails and fittings on his trunk and a dirt layer carefully on top of that, and no customs official had been eager to scratch that off.

5885

CSO: 2300/407

PREPARATIONS FOR DRAFTING OF 1986-1990 PLAN

Tirana RRUGA E PARTISE in Albanian Jun 83 pp 9-19

[Article by Harrilla Papajorgji: "The Problems of Intensive Development While Relying Entirely on Our Own Forces: Deep Scientific Studies Are the Basis for Drawing Up the Eighth 5-Year Plan"]

[Text] In order to implement the directives of the Eighth Party Congress to complete the studies for the coming 5-year period, while at the same time working to fulfill the Seventh 5-Year Plan, the Politburo of the Central Committee of the party has approved the overall guidelines for studies which will be carried out for drawing up the draft of the Eighth 5-Year Plan, 1986-1990, for the economic and cultural development of the People's Socialist Republic of Albania. Based on these guidelines all the central departments, scientific institutions and the executive committees of the district peoples councils have been sent the program for the study work and the guidelines for these studies, and work for their completion has started. This comprehensive study program has relied on the advanced opinion of experienced workers, of cadres and specialists from different branches of our economy, which makes this program real and with clear objectives to be realized and adjusted during the period of study and preparation for the Eighth 5-Year Plan in every cell of our people's economy.

The experience of planning the economic development, especially the experience gained in drafting the Seventh 5-Year Plan, shows, above all else, that it is necessary to define the principal objectives which have to be achieved in the next 5-year period, and at the same time to define the problems which prevent the development of production, science, increased efficiency and the perfecting of socialist relations in production, etc., which support and make our objectives attainable. This is why "the drafting of the state plan, and even more important, the drafting of a 5-year plan," Comrade Enver Hoxha teaches us, "is a larger and more complex study which is made for the economic and social development of the country, and, in itself, consists of a multitude of interdependencies and problems. Therefore, we need here a concentration of effort and scientific assimilation. Every project that will be included in the plan must be carefully examined and thought out." (Enver Hoxha, "For the Seventh 5-Year Plan" pp 328-329)

Every study that is made for the Eighth 5-Year Plan needs by necessity, to have broad horizons and to be based on the laws of development; it must be concrete and scientifically documented. The issue is to correctly implement the recommendations of Comrade Enver Hoxha to make the studies mathematically exact and completely realizable; they must not be "fantasies," beyond all reality, but must be able to respond to the situation and to the capabilities of the economy. The studies must consider not only special needs but also general needs, because this is the only way to come up with exact conclusions.

In order for the studies to be at the scientific level which is required by the present stage of our economic and cultural development, and to be completely implementable, it is absolutely necessary for them to be fully documented, on the theoretical and practical levels; politically and ideologically, technically and materially, economically and organizationally. "Thus," Comrade Enver Hoxha recommends, "if, for example, the corn yield is to be included in the plan in this or that quantity, then it must be made clear how this objective will be reached; what measures are stipulated in the plan for the work force, for fertilizers, water, mechanization, and so on. When clarifications are required and given on special issues, then there is greater need to examine and review with care the principal components of the economy, a review which must be based on the rules of development and on the economic policy of the party." (Enver Hoxha "For the Seventh 5-Year Plan" p 329)

In the different studies that are taking place, according to each situation, an important place must be given to advanced experience within the country and to scientific and practical contemporary experiences, as well as to the completion of necessary observations and experiments. We stress this point, because the results achieved by the most competent provide rich practical experience which can be of great value to others, and, when implemented, they will lead to an instant and noticeable increase in production.

The experience gained from our studies so far, shows that for a study to be complete it must, first of all, present the situation realistically, provide a balance sheet that is exact, showing what the situation is in regard to our known and disposable assets, where they will be used and how they will be exploited, as well as provide everything that will aid in reflecting the situation in the best way possible. This will serve to place our studies from the very beginning on sound scientific foundations and subsequently provide a better understanding of the qualitative and quantitative changes that will take place in the Eighth 5-Year Plan, and even beyond depending on the nature of the study.

No study will be of value if it will not also contend with every aspect of the plan. Therefore, calculations for increasing productivity must be presented in the same study as that which sets down the conditions, capabilities and ways of reaching this goal. It is not enough for the study to say that reserves of a certain mineral ore are this much or that much, and that in the period 1986-1990 we will be able to extract somewhat more. The study has to document with scientific accuracy what basic work is entailed for every year in order to extract this or that amount of mineral ore, what the investments will be, the labor force that is required, the level of mechanization, and all

the other conditions connected with production. Thus, every study that requires investments must explain, as a matter of course, the project that will be built and the structure of the investments required. For every new project, every expansion or reconstruction of the production capabilities of existing projects, it is necessary to explain the financial advantages of their plan, as well as provide alternative choices, providing negative and positive aspects for each alternative.

Based on the recommendation of the party and Comrade Enver Hoxha, these studies will be accompanied by long-term prognosis studies for the complete building of socialism in our country. They are scheduled to be completed by the year 2000. Some of these studies will include demographic changes and the necessary levels of production needed for a population that is growing at a fast rate, educational development and preparation of the cadre, scientific developments, and studies for reducing the differences between city life and village life, etc. In these matters, Comrade Enver Hoxha explains, "It is also necessary to make calculations and prognoses for the development of production, for increasing in the quality and improving the structure of consumer goods, and other economic indicators which must precede and support the demographic process in the way we want it." (Enver Hoxha "For the Seventh 5-Year Plan" pp 164-165)

As the National Conference on Problems of Economic Development stressed, the development of the branches and sectors of the economy and culture themselves, as well as the strengthening of the defense capabilities of the country, present the need, not only for specific studies but also for complex studies. This is absolutely necessary due to the expansion of the manifold economic connections between our branches, to an integration of branches and production areas in our national economy as a whole, to the organic ties between the different sciences and to the economic and social objectives we wish to achieve in the path of the complete building of a socialist society. Within this context no project can be studied independently, because every project has many connections at the branch and subbranch level. Thus, for example, the construction of the "steel of the party" metallurgical enterprise in Elbasan is a single project which needed considerable investments. However, in connection with this, investments were also made for the opening of mines, the construction of railroads, highways and housing, etc., which are directly or indirectly connected with exploiting the capabilities of this project. In addition, the study of any project must consider in detail the needs for manpower and material expenses down to the cost of a single product, and on this basis estimate how soon we will get a return on our basic investment.

It is for these reasons we are endeavoring to make the work of our study groups more complex by engaging in research studies specialists from different professions. In addition, we have defined the relations that different departments, scientific research institutes, economic enterprises and agricultural cooperatives must maintain with each other. This is an important condition which will crown this important political, economic and scientific activity with success. However, this important guideline of the Politburo has not found complete implementation in certain districts and departments. Some work groups in these districts are behind schedule in implementing the programs for the completion of the stipulated studies, which present the party organizations, which direct

this important work, with the task of further strengthening their supervision and assistance in order to overcome this shortcoming as soon as possible, by mobilizing, in the best way possible, all able scientific forces for the execution of the studies in accordance with the approved schedules.

A basic element of the work that is being done and will continue to be done during this period, is that we correctly concentrate our forces on achieving the principal objectives which the party has defined for this stage of the economic and social development of the country.

The principal objective, according to the directives of the party, is to maintain a relatively rapid pace in developing social production, which is planned to be three times more rapid than the growth of the population. Achieving this goal of raising social production in our country is necessitated by the dynamic increase of our country's population, at an average growth rate of over 2 percent a year, by an increase in the per capita need for consumer goods, by an increase in the resources which provide new jobs, which is 3 to 4 percent higher than the growth of the population and filling those jobs at a time when the costs of setting up new jobs have risen, by the need to accumulate reserves to pay for investments and for the development of the nonproductive areas, such as education, health facilities and other services, as well as for further strengthening the defense capabilities of our country.

The development of social production, Comrade Enver Hoxha stressed at the meeting of the Politburo, is the principal objective of this 5-year period, the greater the social production during this period as compared to the growth of the population, the higher the standard of living of the working masses, and the easier it will be to cover the investments for the expanded socialist reproduction.

However, the rapid rate of development in all the branches of our economy, within the parameters of the party guidelines, can only be insured when they are defined and realized in every district and in every economic enterprise and agricultural cooperative. Therefore, every district will draft and present an outline of the economic and social development of the Eighth 5-Year Plan by studying the growth possibilities of social production based on the complete utilization of labor resources, natural resources and other material resources available in the districts; keeping in mind, at the same time, the basic rules of economic and social development, not only on the level of the economy as a whole, but also at the level of every district, branch and department. The basic rules, such as the increase of social production at a faster rate of growth than the growth of the population, the development of the areas that produce material goods at a faster rate than the nonproductive areas, increased work efficiency as a principal factor in increasing material production, employment, principally in the production sectors and in the areas of new resources of labor, the growth of social production at a faster rate than production for one's self, etc., must be defined in all the districts, enterprises and agricultural cooperatives because only in this way will it be possible to better implement and realize the basic rules of development in all parts of the country. We will thus be able to put completely into effect the teachings of Comrade Enver Hoxha to harmonize developments in the districts, and coordinate

this development with that of our economic branches, and, at the same time, solve those problems which confront the districts as a result of demographic developments and the more vigorous utilization of existing resources.

The development of all branches and sectors of our economy and culture is directly linked to the effective growth of social production. This is a necessity that is required by the character of our socialist system, which under the actual conditions of the socialist construction entirely with our own forces and the imperialist-revisionist encirclement and the blockade, becomes imperative. The absolute necessity to increase efficiency, making it a necessary criterion for evaluating every study, becomes more acute due to the fact that in the last few years, in certain branches and in some special projects, the national revenue for 100 leks of basic funds invested has gone down, which puts a burden on the normal progress of the expanded socialist production. In the same way, the effective use of materials in agricultural economies and in the mechanical and food industries, etc., produces noticeable changes, which should be a special object of study.

Research in the area of increasing efficiency must be done by fully exploiting existing factors, as well as utilizing new factors which will lead to a rapid increase in the social productivity of labor, through savings in labor and materials, to the defining of concrete measures to prevent losses in assets and activity and save enterprises from incurring debts, and for increased profits and financial revenues and much more efficient use of accumulation funds, etc. These problems are linked to an increase in the objectives of the studies which are scheduled on subjects dealing with the development of production, construction, transportation, and so on, in the Eighth 5-Year Plan.

Keeping in mind the rules of development, for every link and unit of our economy and production, will, without fail, bring about not only increased efficiency in the economy as a whole, but in every economic enterprise and agricultural cooperative at the district level; this will generate an increase in national revenue from every lek of basic funds invested and from the new investments which are being proposed; for every lek which is spent for material expenses, and for every lek that is spent on production for themselves the units will insure an increasing amount of products for society, etc.

These and other indicators in different branches of our economy, which express in detail the results of efficient spending, such as lower prices for every unit produced, for every ton of mineral ore and petroleum extracted, for quality increases in extracted materials, increases in the correlation between the petroleum extracted and the industrial reserves that are in the ground, should be at the center of our studies

In the final analysis, studies of this nature must lead us to lower costs and to higher financial returns, which will enable us to maintain a fast growth rate in our economic development. It is the qualitative studies which will be undertaken in the districts, the ministry and the departments, that will insure the overall implementation of the guidelines of the Politburo, because the studies will broaden and perfect their research even more by using in the economy the new resources that are available in our country. In this area,

Comrade Enver Hoxha emphasized, we have enough reserves, not only because we are still losing useful elements in our extractions, but also because the level of their recovery is still low. This applies to chrome, to iron-nickel ores, petroleum, coal, etc., without mentioning here the important capabilities we possess to increase the extraction and development of new mineral ores.

"To assure the well-being of the people and to reduce the differences between city and village, as well as to insure changes in the structure of foods, etc.," Comrade Enver Hoxha recommended at the Politburo meeting of the Central Committee of the party on 28 March 1983 that "we must stimulate industrial and agricultural development with many branches." On this basis studies have been scheduled for all the branches of the people's economy.

The development of the various branches of our industry is a broad field of studies, especially the extraction and refining industries, the energy industry, and so on. In the mineral ore extracting industry, studies have concentrated on finding ways to put the new minerals into economic circulation, improve extraction techniques, enrich minerals and utilize reserves to the maximum, which will be done by improving the condition and quality of extracted materials, so as to profitably exploit mineral ores low in useful element content, as well as enrich minerals of poor quality. The mineral ore refining industry, while assimilating the indicators and the projected capabilities as quickly as possible, will attempt to further increase the level of refining, domestically, raw materials with a full cycle. Our path for developing the extraction and refining industry, Comrade Enver Hoxha teaches us, has been correct and of vital importance. We must tread this path boldly exploiting with frugality all the resources in our country. However, due to lack of vigorous effort in the past, we have not properly valued or effectively used the natural resources in our land. Therefore, extensive studies to find the most advantageous ways to increase mineral reserves and exploit existing natural resources, to produce more accurate balance sheets and to utilize more deeply our mineral resources should be the topic of the day and for the future for all specialists and scientists in this very broad field of our people's economy.

The studies and projections which will be carried out in the field of defining the needs of the country for energy resources of all kinds: petroleum, gas, steam, coal, etc., which are needed for our economy and for increasing exports are of great importance in drawing up the draft of the Eighth 5-Year Plan. For this purpose the scheduled studies must also define the ways and means to fully exploit our energy resources.

The present stage of the intensive development of all the branches of our economy has shown the need to expand studies for the development of the machine industry. "This industry," Comrade Enver Hoxha says, "must radically change the inherited view of it as a small business with old methods, which still prevail, and improve its organization which leaves much to be desired. Studies for this industry must concentrate on this one particular point and on preparing the industry for the tasks which it will have to undertake."

The machine industry on the basis of the technical and material assets at its disposal, with its cadres and experience has the capabilities not only to

increase production, but also to lower costs. The reserves in this area are many, especially in the coefficient of exploitable metals, in the quality and durability of components and in increased work productivity, etc. The exploitation of these reserves will serve to strengthen the technical bases of other branches of the economy, which are in pressing need of a regeneration of basic funds, especially the food, textile and construction industries and agriculture, etc., and would create large profits for the economy.

The intensive development of agricultural production, the necessary increases in livestock and agricultural products, increases in efficient spending, improvements in the diet of the population, fulfilling the needs of industry for raw materials and increasing exports are some of the important problems which need to be solved in the studies on agriculture in the coming 5-year period, being aware at the same time, that all these problems are closely connected to the solution of social problems. An advanced agriculture has need of strong back-up reserves. Therefore studies will attempt to arrive at a better and more advanced evaluation of our agricultural products than in the past. To achieve this we need to have the food processing industry come closer to the sources of the products they use, not only to preserve and increase the quality of agricultural products and fruits etc., but also to keep to a minimum the expenses incurred from spoilage and transportation.

To increase the efficient spending of the considerable funds which are invested in the construction industry, studies should concentrate on lowering specific costs as compared to overall costs for the works involved, increase the specific proportion of investments for machinery and supplies, shorten the deadline for the completion of construction projects, and lower the costs of projects at the planning stage, encouraging uniformity in construction, using advanced technology, expanding mechanization and using smaller parcels of land for construction. These are some ways to derive national revenue from every lek that we invest.

Other important fields of study are imports and exports. Studies here should lead us to increases in quantity and improvements in quality and variety, adapted to suit the demands of the trade, to a better evaluation of our products, to add new articles while increasing traditional articles which are based on new minerals, to a complete exploitation of the rich flora and fauna found in the country, etc. The systematic decrease of imports requires joint studies with the producing organs so as to improve the structure of imports, and lower the proportion of imported materials based on domestic production and on using imported materials sparingly.

Studies for the development of education, culture, science, research and planning in the course of the Eighth 5-Year Plan, as well as predicting where specific problems will arise, which will later be included in the topical studies, are only one aspect of the studies. The other and most important aspect is that the completed studies will be examined by the Committee on Science and Technology, and the scientific institutions in the country; and will give us guidance and indicate the branches where techniques and technology need to be improved, where investment funds should go first in order to insure optimal results, and how to introduce the new discoveries of science into our methods

of production. Only this way will our science realize those important duties which have been set down by the party for the workers in this field. "From scientific work," Comrade Enver Hoxha teaches us, "we require complete and positive assimilation and transformation in practice and in theory, a qualitative explosion, a sort of revolution in production in all identical and similar enterprises, in different areas of our development, providing solutions to actual problems that arise daily, and at the same time open new horizons for the future. These requirements assigned to science and research must be considered jointly by the workers and the students in the grassroots and at headquarters." These studies are required to be of assistance in opening up future prospects for the optimal exploitation of the country's wealth, for the utilization of existing material and technical bases, for modernization, for a broad introduction of new technology in accordance with the needs, conditions and capacities of the country, for the use of mathematical and physical methods, and to delineate the capacities and the areas where the new scientific discoveries should be implemented in production, providing information on techniques and technology, while defining the appropriate investments which are needed to achieve these results. At the Eighth Party Congress Comrade Enver Hoxha stressed the necessity of dialectical thinking and the complex handling of the development of our production forces, continually perfecting them on the path of revolutionary relations in production, because these two must never be separated one from the other. Therefore, the scheduled studies will deal with the development of the production forces, as well as with improving relations in the areas of ownership, distribution, exchange and management in accordance with the new demands of the intensive development of our production forces, where concrete ideas and solutions must be provided for their development.

The studies for drafting the plan and the organization of their completion are based on the same pyramid, which is divided into three groups: studies which will take place in economic enterprises and agricultural cooperatives; studies at various district, department, branch and sector levels, and on the basis of the above studies, comprehensive studies.

Comrade Enver Hoxha has advised us never to forget that the Eighth 5-Year Plan will be based on the fulfillment of the Seventh 5-Year Plan; on the real capabilities created by the latter, on the experiences gained and on the scientific calculations of goals that can be achieved in the coming 5-year period. This is a very important point that should always be kept in mind in all the studies that will take place, so that our attention will not stray for one moment from the struggle and efforts to realize the Seventh 5-Year Plan. On the contrary, our concentration should serve to broaden and find new ways to implement this plan. The issue is to better implement the principle of continuity in the plans, considering the plans as a unit in their organic and dependent links and in their attainable studies and goals. Every day we study, plan and achieve. And based on our achievements we come to conclusions, we undertake studies and plan for ever greater objectives. These are the dialectics of our development on the path to socialism which we are building entirely with our own forces.

Within the framework of this very important unity, it is important that students strongly rely on the results that have been achieved so far in this

5-year period and those that will be achieved by 1985, keeping in mind always that for this year the figures have been approved. This should be the track, so to speak, on which we shall rise even higher, the base from which we shall start to progress even further. This in no way means that not realizing the plan, as happened in the electric power industry from lack of precipitation, rising costs and the failure by some enterprises and branches to show a profit, etc., should be considered as a start for the coming 5-year plan. On the contrary, these situations should be objectively analyzed and harmful factors should be isolated together with other negative and subjective obstacles which prevent the achievement of our defined objectives. On every occasion we must face up to the tasks of the 5-year period which were approved by the Eighth Party Congress, which are a base for comparing the rates of development to be achieved in the future. Comrade Enver Hoxha's idea, that studies for the Eighth 5-Year Plan and for the future, must be broader, while, at the same time, perfecting management and control in realizing the tasks of the Seventh 5-Year Plan is very important. This means that together with indepth studies which must take place in every link and every area of our economy, we must work to include positive elements in the processes of management and control for the fulfillment of the Seventh 5-Year Plan, so that the studies for the Eighth 5-Year Plan will be a continuation of a higher level, of the development of the Seventh 5-Year Plan.

The study program which has been sent to every organization, must be absolutely implemented in exactly the same way as the other duties of the plan. Since the organization, the control and aid come from the ministries, the institutions, the schools of higher learning and from the executive committees of the people's councils in the districts, who are responsible for the work groups, then they are the ones that decide the fate of this important political, economic and social action.

According to current data, study groups have already been created and work programs have been planned by every work group, however concrete work has not yet begun, as it should have, nor has it shown the intensity that the party requires in completing the studies. Investigations in some districts, ministries and scientific institutions show that in addition to the good work that is being done, there are still instances of shortcomings and delays, thinking that there is still time. The party organizations must struggle harshly against these concepts and activate the organs who direct or cooperate in the execution of the studies.

It has been made clear that the ministries and the institutions which direct these studies are considered to be the principal responsible organs, but the party and the Council of Ministers also hold other ministries and institutions that cooperate in these studies, each for his own area, responsible for the qualitative content of the studies and their completion on time. Thus, if the Ministry of Industry and Mines directs the study for the development of the machine industry in the country, it has the right to request cooperation from the machine departments of all the other ministries, and these ministries are responsible for seeing that the studies which concern them and are under the direction of the Ministry of Industry and Mines are carried out with high quality.

The Sixth Plenum of the Central Committee of the party made it very clear that fulfilling the plan for 1983, is decisive to the fulfillment of the whole 5-year plan, to bringing the level of indicators closer to the tasks of the 5-year plan and to preventing any disproportions in various branches and sectors of the economy. Therefore, the studies must not take attention away from fulfilling the 1983 plan, but must, as much as possible, when they do not involve long-term investments, serve to realize the tasks of the Seventh 5-Year Plan. Every result that is achieved in the studies and can be quickly implemented must be put into effect and allowed to give positive results without waiting for it to be included in the draft of the Eighth 5-Year Plan.

The execution of the studies must serve to draft on scientific bases and improve the indicators of the 1984 plan, whose draft the economic enterprises and agricultural cooperatives have already started to discuss with the working collectives. We start from the premise that we do not have to wait for 1986 to start the implementation of the studies although these studies are for the Eighth 5-Year Plan. On the contrary, we must do everything possible to immediately improve the organization and management of production, to lower the norms for the use of materials, to increase labor productivity, efficiency, to lower costs, increase exports and decrease imports, etc. Let us then start the processes of implementing or planning for 1984, so that they will better serve to strengthen the economy and more quickly fulfill all the tasks of the Seventh 5-Year Plan.

This is why in this great work of special political, economic, social and scientific importance, the leadership of the basic party organizations, in every cell and link of the economy, is a decisive factor for crowning this activity with success. Therefore, as it was emphasized at the National Conference on the Problems of Economic Development, it is absolutely necessary to completely mobilize all the party, state and economic organs and all the other creative organs and forces in the country to carry out studies on a very high scientific level in the service of development of the socialist economy and culture.

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NEED FOR MORE HIGHLY SKILLED WORKERS IN ECONOMY

Tirana RRUGA E PARTISE in Albanian May 83 pp 47-55

[Article by Isa Gorica: "The Expansion of the Technical-Scientific Revolution Increases the Requirements for Highly Skilled Workers" passages between slant lines printed in boldface]

[Text] The intensive development and effective improvement of our socialist economy are very important objectives of the Seventh Five-Year Plan which is being fully implemented with our human, material and financial forces and possibilities. While, as Comrade Enver Hoxha has stressed, the decisive factor for achieving these objectives is "the work of the people with high quality and productivity," it is necessary that 'workers' skills be elevated, that their initiative and creativity be expanded and that they will become aware of the importance and of the possibilities for fulfilling the plan tasks" (Enver Hoxha, "Report to the Eighth Congress of the Albanian Workers Party," pp 61-62).

The new trends of development of production demand the improvement of the level of workers' skills.

Serious efforts have been carried out and are being carried out to train and improve their skills of workers in general and of those in the material production sector in particular, along with the general investments and work for the expansion and strengthening of the technical-material base of production. Thus, during the past 10 years, the number of workers with middle, vocational and general education has almost doubled. The number of workers attending middle and higher education courses without interruption of work has increased in a satisfactory manner. In all branches of the economy (excluding agriculture) about 46 percent of the workers have middle education or have completed lower vocational schools. From 1977 to the end of 1982 an average of 16 percent of the workers have been certified at a higher level of training every year. Consequently, in 1982 the number of workers with higher and middle education was 15 percent higher than in 1977. To the same extent, the average category of workers' training has also been improved. Because of the establishment of new production branches and activities, the number of new professions and specialties has also been increased in a noticeable manner, especially, in the machine, metallurgical, chemical, energy industries and other industries.

These achievements in the training of workers have had an influence in improving labor productivity. Therefore, it happens that, where the level of training of workers has been higher, the improvement of labor productivity has also been higher. For example, in 1982, compared to 1980, labor productivity in the metallurgical industry increased by 31.3 percent and in the machine industry only by 9.5 percent, because, among other things, the average level of training of workers in the metallurgical industry was 5.9 percent, while, in the machine industry it was only 2.9 percent.

However, the rapid development of the technical-scientific revolution, the construction of new projects, the reconstruction of the enterprises on the basis of advanced technology and the improvement of the effectiveness of production--tasks which have a particular importance in this five-year plan--require the further qualitative improvement of work for the training and the improvement of the skills of workers in general and of the higher skilled workers in particular.

In the Seventh Five-Year Plan, about 350 new projects in the production sphere will be constructed and, on the basis of advanced techniques and technology, dozens of other industrial and agricultural projects will be modernized from the point of view of the technical and technological base and, in general, the level of mechanization of work processes will be improved. These factors lead to a noticeable increase in the value of work places, because, now, every worker has the duty to put in motion assets valued at hundreds of thousands of leks; this fact greatly increases his responsibility for the utilization of the work place with high effectiveness. However, these factors also lead to the complication of work and to the increase of the specific role of skilled labor, a fact which set forth before the workers the necessity to master extended theoretical knowledges and more improved practical expressions until the solution of the kinematic scheme of the aggregate or of the specific machine is found. Under these conditions, the requirements for making workers more skilled are very great. The entire practical process of our present development proves this fact. For this reason, in this framework, the scientific pursuit of some trends, noted in the increase of the need for skilled workers, is important.

Statistics show that the specific share of the kinds of work required by workers with middle and higher training is greatly increasing. For example, in some industrial branches, such as the machine industry, the chemical industry, the metallurgical industry, the petroleum extraction and processing industry and other industries, during the Sixth Five-Year Plan, the specific share of work processes requiring workers with higher and middle training was about two times greater than the specific share of the processes requiring workers with lower training. As a result of this tendency, although, at the end of 1982 the specific share of workers with higher and middle training increased by 5 percent and that of workers with lower training was reduced by 3.2 percent, still about 10 percent of workers worked in work processes above their personal training level; moreover, in some branches the difference between the average category of work processes and the average level of workers' training was in the 0.6 to 1.3 category. And, it must be said, that these disharmonies are one of the main reasons that the tasks for improving labor productivity were not fulfilled. From the observations made, it appears that, in the execution

of the same work process, the workers with higher level of training produce a labor productivity of up to 25 percent higher than those workers with lower level of training and up to 12 percent higher compared to those workers with middle level of training. In the enterprises of Light Industry and the Food Industry, 71 percent of workers who do not fulfill work norms are among those who have a lower training level or who are not trained at all.

The technical progress, especially, the complex mechanization of work processes, is accompanied by noticeable changes in the structure of professions in the production sphere. Some groups of professions such as mechanics, machine operators, electromechanics, fitters and so forth, now, are becoming massive even in those branches, where some years ago, many work processes were executed by hand. This is happening in those mines where the level of mechanization is high, in construction where the construction sites are converted into assembly sites and in some work processes, such as digging and earth moving, moving prefabricated materials and so forth are executed by complex mechanisms. The same phenomenon is also observed in agriculture. Also, the utilization of machines and aggregates, which carry out many work processes, from the simplest to the most difficult, makes it possible for the specific share of some simple professions to be reduced and even to be eliminated as they are no longer needed. For example, during the past five-year plan, the specific share of simple professions in agriculture was reduced by about 5.7 percent, in construction by about 4.8 percent, in industry by more than 10 percent and so forth; in the future, this tendency will be further emphasized. At the end of the Seventh Five-Year Plan, based on the rates of mechanization, in the production of complex machines and in the assimilation of new methods and technologies of manufacture, the dynamics of the elimination of the simple and relatively heavy work processes will be 2 to 3 times higher, compared to that of the Sixth Five-Year Plan, especially, in the branches of the production of the means of production, in the machine industry, in the metallurgical industry, in the energy resources industry and, particularly, in those branches and sectors where modernization will be carried out in techniques and technology.

All this bringing changes in the structure of the main and auxiliary workers. According to observations made in some branches of material production, such as in the wood processing industry, in ferrous metallurgy, in the machine industry, in the food industry and so forth, it appears that, as a result of the relative increase of work volume for the execution of auxiliary processes, the specific proportion of the auxiliary workers, compared to the main workers, has been increased; this increase is dictated by the improvement of the technical level of the work places where the transformation of work projects is taking place and, along with this, where the role of the auxiliary processes in increasing production, in increasing labor productivity, in improving quality and in reducing production costs has been increased. However, in practice, this tendency is not properly and correctly evaluated everywhere and the necessary measures for the continuing training of auxiliary workers are not adopted, because, there still are old concepts about the auxiliary workers as if they were allegedly for simple works and without importance for the fulfillment of the production tasks. While, in fact, the intensive development and the progress of sciences and technology have made it possible for the role of auxiliary workers to be considerably increased in the process of material

production. In many enterprises with non-mechanical profile, for example, mechanics and electricians, who carry out auxiliary work processes, account for 20 to 25 percent of the total number of workers; nevertheless, very little thought is given to and very little is done to train them through organized training forms.

The introduction of advanced technology and the complex mechanization of production are leading to a reciprocal "integration" of auxiliary processes with the main production processes. This integration is making it obligatory for some groups of professions of workers to have a good theoretical formation and complete practical expression both in regard to the main processes and the auxiliary processes. Thus, for example, in the assembly lines of the group processing of spare parts at the "Enver Hoxha" auto-tractor combine and in some other plants of our country workers have to be good fitters; otherwise these lines would be utilized with low effectiveness. The experience of some advanced enterprises in all branches of material production shows that where the most effective integration between the main and auxiliary processes exist, the machines, raw materials and energy resources are also utilized with high effectiveness.

However, in practice, these new trends resulting from the intensive development of the economy and the technical-scientific revolution are not studied and taken into consideration everywhere; in order to establish a correct harmony between the main and auxiliary workers and to improve the work for their continuing preparation and training, in the skills required by production. Therefore, it happens, for example, that in the paper plants in Lezhe and Kavaje and in the plastic enterprises in Lushnje and Durres a great number of the main workers have an insufficient training, especially, in the mechanical field and, consequently, many products of poor quality are produced.

The increase of new specialties and professions is being carried out at rapid rates.

As a result of the important structural improvements made and being made in the field of production and circulation of goods, of the rapid development of the technical and scientific revolution, of the improvement of the level of mechanization and automation of production, of the improvement of the existing technology and of the introduction of contemporary advanced technology, new branches, professions and specialties are being set up. This phenomenon in the intensive development of our economy has made it possible and is making it more and more possible for the rates of hiring workers in the new branches, specialties and professions to be higher than in other branches, specialties and activities. Thus, for example, in agriculture, the rates of hiring workers in complexes for the industrial raising of poultry, cattle and pig breeding and so forth are about 1.5 times higher than for the hiring of workers in other branches of agriculture. In construction, the rates of hiring of workers in industrial processes of this branch are more than two times higher than the hiring of workers in the conventional professions and specialties of construction. This trend is even more evident in industry, especially, in the branches which produce means of production. The observations made also show that the rates of the setting up of new professions and specialties are higher than

the rates of the setting up of new branches and activities, because, new professions are also set up in the existing branches, as a result of reconstructions on the basis of more advanced techniques and technology.

However, along with these quantitative changes, the new professions and specialties also present some characteristics of a qualitative nature. It is known, for example, that the implementation of new technologies, with which the setting up of new specialties and professions is mainly connected, is accompanied by the utilization of a modern, relatively complex technical base and, as a rule, by the use of means which implement some kinds of work processes and operations. Those are the factors which make it imperative for the workers of the new professions to master vocational skills on a high level from the very first steps of their activity, as the necessary condition for the best use of advanced techniques and technology entrusted to them, so that the maximum results could be obtained from them. Therefore, it is necessary that great attention be given to the work for the training of workers in the new professions and specialties, so that these workers will have wide and thorough technical and technological knowledge. Experience shows that in many enterprises and branches of the industrial production sector of our country, such as in some plants of the "Steel of the Party" metallurgical combine, because the level of the vocational and educational training of workers has been properly harmonized with the level of complexity in the use of the means of work, a higher labor productivity of 30 to 40 percent is obtained and the quality of products is better than in other plants of similar production.

The expansion of the technical and scientific revolution in the industrialization of production processes in agriculture, construction and other branches of material production has made it possible to limit and to gradually progress toward the elimination of "Generalism" in the implementation of work processes. Thus, for example, now we do not have to deal any more with the farmer and mason of the past, the all purpose mechanic and so forth; on the contrary, we have to deal with dozens of professions of farmer, of builder, of mechanic. Also, the change in the structure of the kinds of work has brought a change in the structure of specialties. For example, in agriculture, especially, in the zone of high intensification, the professions of mechanic, tractor driver, combine driver, operator of simple mechanisms, and so forth are gaining more importance. In construction, especially, in larger projects, the conventional construction processes account for only 10 to 18 percent of the volume of work carried out in them. A relatively noticeable reduction of these processes is also observed in housing construction. Thus, for example, in the housing construction enterprises in Tirana and Durrës, the conventional construction processes account for 30 to 40 percent of the volume of work, compared to 60 to 70 percent some years ago. This trend requires that in regard to the training of workers with higher skills in construction, in agriculture, in the communal services and so forth, more importance, than until now, must be given to the formation of mechanical and electrical expressions, considering it a requirement for the intensive development of these branches.

The process of the multiplication and differentiation of professions and specialties is closely connected with the creation of professions with a broad profile, especially, in those branches where the introduction of new

technologies is accompanied by the use of complex machines and aggregates in a broad manner. Thus, for example, in order to effectively use a vertical lathe with a high technical level, a lathe operator must know not only the processes of the mechanical metal processing, but also the casting processes, and not only metal cutting, but also their plastic processing, working not only with lathes, but also with milling machines, planes and so forth. Also, an agricultural machine operator, in order to work the whole year with high effectiveness, must master the professions of tractor driver, combine operator and mechanic and have some essential knowledge of agrochemistry.

The training of skilled workers and of middle level technicians with wide specialization and with many professions, has presently become one of the important problems for improving the effectiveness of social production. This is also shown in the fact that in those enterprises, where we have workers of this category, the means of production are utilized with high effectiveness. The observations made in some units of various enterprises, show that the machines and aggregates used by skilled workers with wide specialization assure an annual production 1.2 to 1.5 times greater, that the interruption of machine work because of defects and breakdowns has been minimal, that the first general overhauls scheduled in the repair cycle have been postponed twice because of the good technical condition of the machines. In addition, the skilled workers with wide specialization, especially, the middle-level technicians, are serving as very important links to insure the organic relationship required in the process of study, design and execution between the specialists and cadres with higher education and production workers.

The intensive development of the economy and culture, a wider and wider introduction of progressive techniques and technology and the tasks set forth for higher yield and quality, for greater profitability and effectiveness in production, Comrade Enver Hoxha stressed at the Eighth Party Congress, demand knowledgeable people, with a wide cultural horizon and with high vocational, technical and scientific training, characterized by the feeling for progressive new discoveries, by the spirit of innovation, and by the passion and desire for continued studying and learning.

Experience shows that the higher the rate of the introduction in production of the new discoveries of technology and science, the higher the specific role of design and experimental work. The designing, testing and production of new models in the machine, chemical and metallurgical industries account for about 30 percent of the volume of work for their industrial production. However, along with this, the trend towards having the skilled worker and middle-level technician carry out an important part of study, experimental and design work has been more and more obvious. Thus, for example, at the "Enver Hoxha" auto-tractor combine, the "Steel of the Party" metallurgical combine, the Koman hydroelectric power station and so forth, about 20 percent of the workers are participating in work groups for the study, design and execution of the new technology, for the production of machines and pieces of equipment needed for reconstructions and for the construction of new projects. In agriculture, too, the number of workers dealing with experiments has been increased and is continually increasing.

Let us construct the work for the training of workers in harmony with the increasing requirements.

The increase in the need for workers with high skills and for middle-level technicians sets forth a number of important tasks for the improvement of the entire work for their continuing preparation and training.

It is a fact that the system of preparation and training of workers with a high level of training has been improved and expanded in a continuing manner. In Tirana District alone, more than 100 middle vocational schools with and without interruption of work and some hundreds of training courses and schools with relatively short courses are functioning in the enterprises and so forth. On this basis, a whole army of workers and cooperative workers with high skills has been trained; they not only implement the new discoveries of technology and science in production, but also participate in making improvements and innovations of great value for the development of our socialist economy.

However, the fulfillment of the ever-increasing tasks for the expansion of the technical and scientific revolution, for increasing production and its effectiveness and for the expansion and development of our economy on the road to its intensification have brought more into the open the necessity for improving the work which is being carried out for the training of workers with high skills and of middle-level technicians. Increasing the ranks of the great army of middle-level technicians and skilled workers, Comrade Enver Hoxha emphasized, is one of the main ways of fulfilling the established objectives. For this purpose, there are middle schools with and without interruption of work, as well as other forms for the education and training of workers. But, the everyday struggle and work for fulfilling the tasks, for overcoming the difficulties of growth and so forth have been and are one of the important fields for the training of workers. However, from the actual data, it appears that workers with appropriate education are trained 2 to 3 times more quickly than workers who lack the necessary educational level.

In this framework, a number of issues are intertwined, from the improvement of programs and of the structure of knowledge given to workers through schools and courses right down to their implementation. However, the issue is that the improvement of programs must not remain an aim in itself. The main thing is that all efforts must be made so that workers are given that knowledge which makes them real workers with high-level training, capable of solving important and difficult tasks, together with the technical and engineering personnel.

It is a fact that the volume and level of knowledge given to workers have been enhanced and a better relationship has been established between the expansion of technical and scientific knowledge and the concrete capability of workers in regard to the management of the various mechanisms, machines and aggregates. However, these improvements, in most cases, have been mainly limited to the level of the technical base and to the level of the technology used by the enterprise and less has been done to acquire the more advanced levels reached by other enterprises. This shortcoming is, among other things, one of the

main reasons why the same products or similar products are, in some cases and in different enterprises, on a different technological level, why the production of the same machines and pieces of equipment in different enterprises is executed with at quite different expenditures and so forth.

Noticeable improvements have been made in the middle schools in regard to theoretical documentation of specialized subjects in the area of mathematics, physics and chemistry; however, in this field, there are shortcomings in extension from one subject to the other subject and in the differences in the levels of documentation from one school to the other school, as well as in the mechanical intertwining of knowledge of basic theoretical subjects and applied subjects. These shortcomings become the reason that, in some cases, new technologies and modern machines and aggregates are assimilated with difficulty and are used with low effectiveness. These shortcomings are observed in a more noticeable manner in the execution of general overhauls, where there are many cases of failure to restore the technological-economic parameters of machines to the required level.

"The great and modern socialist production," Comrade Enver Hoxha teaches us, "requires improved organization going as far as synchronization, if possible" (Enver Hoxha, "Reports and Speeches 1976-1977," p 417). But, in the synchronization of production, the worker, with great skill and knowledge about the great and small organization of production, plays a particular role. However, these issues are not treated at all or are treated with great shortcomings in the existing programs of the middle vocational schools and, even less, in the various training courses.

The experience of many economic enterprises and of agricultural cooperatives shows that, where workers have good knowledge about cost, labor productivity, profitability, norming and the organic relationships existing between them, the planning and the execution of the plans are carried out in a scientific manner and, in some cases, it has been possible to have a production plan, a cost plan and a productivity plan for every work brigade and, even, for each individual, thus, implementing Comrade Enver Hoxha's recommendation that "It is not enough to record the fulfillment of the work norm of a worker; it is essential to see with what concrete material expenditure he implements it." Therefore, life itself is showing that the time has come for some issues concerning the planning of the economy and finance and, especially, the internal planning of the enterprises and agricultural cooperatives to be treated much better in the programs of the middle vocational schools.

Training is an uninterrupted process of providing new contemporary knowledge in development, in an organized manner and in continuity. However, from the observations made, it results that a great number of workers with high training and middle-level technicians have remained outside the organized and monitored process of re-training; this fact has led to a kind of backwardness of these workers, in comparison with the training level which they should have now. For the elimination of this shortcoming and for their continuing training, it is necessary that special courses be organized, where, mainly, issues regarding the implementation of new techniques and technology and of advanced forms of the organization of production and work will be treated.

The schools for the analysis and generalization of advanced experience in the field of experimentation, innovation and so forth are also effective. The experience gained in this field in agriculture must be further promoted and must be disseminated in other branches of the economy.

9150

CSO: 2100/65

NEW CREDIT SOURCES ESTABLISHED FOR SMALL ENTERPRISES

Budapest OTLET in Hungarian 28 Jul 83 p 34

[Article by Laszlo Szoke: "New Source of Credit for Small Businesses"]

[Text] New credit schemes also will be available to support businesses that organize their operations in accordance with our economic-policy objectives. The No 14 issue of IPARI KOZLONY contains an announcement of a competition in which applicants may receive also financial assistance to start and operate small businesses. The announcement was placed jointly by the Ministry of Industry and the State Development Bank. They invite applications from individuals, economic units, and from small businesses and partnerships that already are operating or are about to be formed. According to the announcement, the ministry and the bank will aid applicants in organizing their businesses, and also in setting up the organizational framework for the realization of their ideas.

At the Ministry of Industry we were told the following about the competition: The competition was warranted primarily because the conditions under which small businesses could obtain credit were rather limited. Although it was not the objective to artificially convert businesses into a preferentially treated branch, bridging solutions nevertheless had to be sought for the formation of small businesses or to facilitate their formation. The winners in the competition would not be getting money free and unconditionally, for the credit would have to be repaid.

What resources will be available for the competition? The Ministry of Industry has established a so-called industrial innovation fund, by setting aside a specified amount from the Central Technical Development Fund. This amount might change constantly, in accordance with the demand. Furthermore, the innovation fund of the Hungarian National Bank will also be available, and the State Development Bank will likewise contribute a substantial amount.

The competition itself, or rather the plans and ideas submitted in it, will be judged by a jury on which the Ministry of Industry Department of Organizational Development, the industrial innovation fund, and the State Development Bank will each have a representative. When necessary, the five- or six-member jury will include in its work also operational experts, lawyers, and research-institute staff members.

How much credit may an applicant compete for? From 100,000 to several million forints. The amount is limited only by what collateral the entrepreneur can provide and how much risk he is able to assume. According to the sponsors of the competition, already registered small businesses and entrepreneurs who have new useful ideas start with equal chances in the competition. In other words, the sponsors will support any reasonable initiative that is also of national economic importance.

What are the sponsors expecting of the competition? They expect that there will be far more initiatives from below than there have been up to now; that a variety of new ideas and proposals, some of which might have been sidetracked previously, will generate entrepreneurial willingness; and more small enterprises will be formed, because certainly very few have been formed so far. There is much talk these days about unprofitable enterprises, or about unprofitable subdivisions within plants. Up to now, regrettably, there has been no compulsion to liquidate such enterprises or subdivisions, or to remedy the causes of unprofitable operation. Perhaps the competition will produce some change also in this respect, and the shops and sections that at present are barely profitable might be converted into profitable small enterprises. The many old and obsolete plants, farm buildings and farmsteads present similar opportunities for entrepreneurship. If with new ideas and credit they, too, are converted into small enterprises, they could become interesting and colorful spots among the state enterprises' ventures.

What about the enterprise business work partnerships? Can they enter the competition? In principle, Yes. But it is very important that their introversion cease. They must walk out the gates of their own factory and offer to work for other plants as well.

In conclusion it should be emphasized that with the competition just announced the Ministry of Industry does not wish to finance production or to assume costs. Thus it is not possible to apply for credit to pay wages, for example. On the other hand, it is worth entering the competition in order to form a business or realize some idea. The competition opened on 1 July, and there were several entrants already the first days.

The sponsors of the competition expect to employ a wide range of forms of assistance, without any preliminary restrictions. The form of assistance will be decided on an ad hoc basis and might range from bank credit to assuming a share of the risk. Within production, the competition wishes to support primarily the output of supplier industries, import substitution, the expansion of export, elimination of shortages, and the processing of scrap. In the area of services it will give preference to maintenance, servicing, preparation for shipment, and the entire range of consumer services. Intellectuals participating in the competition are expected to submit primarily plans for the management of inventions and innovations, and to offer consulting in various fields, marketing, and organizing activity.

COSTLY, PROLONGED BREAKDOWN AT STEEL MILL DESCRIBED

Budapest OTLET in Hungarian 4 Aug 83 p 5

[Report by Klara Jakab: "Breakdown Lasted 22 Days"]

[Text] Dr Ferenc Szabo, director general of the Danube Iron Works, held a press conference at which he briefed reporters on the breakdown at the Danube Iron Works, the repairing of the breakdown, and the restarting of the plant.

"As you very well know, at 17:00 on the 30th of June the No 2 converter was being readied for pouring. This operation is preceded by sampling. The chief blower in the control room tilted the converter, which did not stop but continued to tilt.

"The heat of the 130 tons of molten steel spilled from the converter burned also the electrical installations of the No 2 converter. Eight of the fifteen KTU 50-amp thyristor units were destroyed. We have been able to rebuild the remaining seven. Six kilometers of cable, the power distributors, lighting fixtures, relays and switches were destroyed. The premises burned out, and four bridge beams buckled. The damage to plant and equipment is about 60 million forints. We will be able to determine the exact amount of damage only after the ordered installations arrive. According to the results of the investigation to date, the chief blower on duty had failed to observe the technological regulations and thereby caused the breakdown. He had set the main switch not for normal operation but for maintenance, overriding the safety stops. Furthermore, he had not transferred control of the operation to his colleague on the platform, for fine adjustment of the pear-shaped converter vessel. The chief blower negligently tilted the converter vessel too far and was unable to stop and reverse the rapidly tilting vessel when his coworkers signaled trouble.

"The police have instituted criminal proceedings against the chief blower, but the investigation is still continuing. I wish to emphasize that the converter's installations had been in perfect order, and that violation of technological discipline was clearly the cause of the breakdown. For this very reason we have not made any changes in the installations, but we are adopting strict measures to ensure observation and enforcement of technological discipline. We are still investigating why the spilled molten steel was able to cause such a big fire and so much damage, and whether mistakes in design might have been a contributing factor. In the reconstruction we have already employed the fire-safety solutions registered with the Patent Office.

"Reconstruction of the No 1 converter took 22 days. We have been able to complete this reconstruction through efficient organization and thanks to the exceptional efforts of our own workers and those of the outside contractors. In addition to overtime and extra pay, our workers received 240,000 forints in bonuses. Naturally, the workers of the outside enterprises have likewise been rewarded. The breakdown has caused a dropout of 41,000 tons in steel production. Up to now we have been able to solve from stock the supply of our domestic partners. Amidst all the trouble it was fortunate we had inventory because the hot rolling mill was undergoing repairs. There might be problems in the future because domestic manufacturing industry's own stocks are depleted. We have requested our Soviet partners to help by shipping the ordered semifinished products ahead of schedule. We are offering a bonus as an incentive to increase our own steel output, and we will try to complete repairs of the steel mill sooner than planned. We are also seeking a solution to operate the No 2 converter with the already operational control unit while the No 1 converter is undergoing repairs, scheduled to begin in a month from now."

1014

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LOW PROFITS THREATEN MILK, BEEF PRODUCTION

Budapest FIGYELO in Hungarian 1 Sep 83 p 15

Simplification of Regulations Urged

[Article by Adam Balogh and Pal Szajko: "With More Simple Regulation"]

[Text] From the viewpoint of subsidies, the past 30 years of cattle breeding in Hungary can be divided into three main phases. The technical basis of production was developed in the first phase, and the biological basis in the second phase. The structure of subsidies was modified in accordance with these objectives. In other words, first the investment subsidies were the dominant, and then incentives for the expansion of the herds. The third and most recent stage encouraged raising the level of production, by providing incentives based on the output of final products.

All these measures, however, resulted in a substantial increase of not only the amount of subsidies, but also of their relative weight, indicating that the products in this branch of livestock production were more expensive in comparison with other foods and required high macroeconomic inputs.

Such frequent changes in economic regulation, differing in both their principles and objectives, explain why even today there are wide variations in the output per head. There are dairy herds with annual milk yields of 2800 liters per cow, and also ones averaging 6000 liters. At such significant differences in the production level, it is impossible to regulate production through prices so as to provide a suitable incentive for every large-scale farm that keeps cattle. From the experience of the past 5 years, however, it is unambiguously clear that only regulation providing a direct incentive is able to channel production in the right direction. But the increase and maintenance of incentives for producers place an exceptional burden on the state budget.

Income Dropped by One Billion Forints

Rapid but mostly extensive development of production began after a delay of several years, under the influence of the subsidization policy pursued since 1977. This process lasted as long as the reserves permitted. Due to the scheme of regulation, however, lasting profitability could not be achieved solely through quantitative growth. By now the reserves for increasing the cattle herds have become exhausted, and further progress can be made only through genetic improvement, and by improving the branch's level of supply.

At the present level of production, the growth rate will obviously be much more modest. Thus the premium for an increase in milk output serves the interests primarily of the farms whose production level is below average. The interest of the majority of the farms is that regulation permit profitable production at the developed higher level of production.

Since 1977 to date, not only the absolute amount of subsidies has increased, but also the specific amount of subsidy per unit of product. (In 1976, the base price amounted to 80 percent of the proceeds from milk sales per liter, and subsidies accounted for the remaining 20 percent. This ratio changed to 70:30 by 1981, while the base price increased by nearly 10 percent.)

In an attempt to reduce the burden on the state budget and because of the unfavorable changes observed in the production of beef cattle, for cattle breeding the system of regulation again changed as of 1 January 1982. The new regulations still in force have had an unfavorable effect on cattle breeding in general and on dairy farming in particular. A 45-percent reduction of the price subsidy for milk and a 20-percent reduction of the premium base--taking into consideration the 6-forint/kilogram price subsidy for beef cattle--reduced by nearly one billion forints the income in cattle breeding. Only a proportion of this decline of income in cattle breeding was recovered by this branch of livestock production, through subsidies for the farms operating under unfavorable natural conditions.

The incomes attainable in dairy farming dropped to half of their 1981 level, and not even the improved profit position of the production of beef cattle was able to restore the previous profitability of the entire branch.

Consequences, Results

An incentive procurement price must be based on the costs of the farms that produce the bulk of a given product, and on how much income these farms need to achieve. This income may include the loss of profit on the acreage of plowland committed to production, and also the proportion of income needed for the production assets' replacement not covered by the depreciation fund. The base price paid by the dairy industry, plus a large share of the subsidies that the farms obtain in prosperous years, could be the price that meets these requirements.

The sum of the typical 1980-1981 base price and various price subsidies might seem excessive if considered merely from the viewpoint of costs. We should bear in mind, however, that in the meantime the "price" of inputs has risen substantially, and only income adequate in relation to these inputs can ensure the conditions for economical production. Even so a decline of cattle breeding is to be feared, signs of which are now evident not only on small farms but on large-scale farms as well.

Discontinuation of cattle breeding should not be feared primarily where the level of production is already low because the basic production conditions are lacking. For here the growing of field crops is likewise unprofitable. Liquidation of the branch of cattle breeding is more likely on the farms where there are also other, more profitable alternatives for the utilization of

plowland (and of monetary resources). This situation is characteristic of the middle class interval of farms. Thus it is here that it would be of great importance to continue to provide incentives, predominantly in the form of prices offering security for producers.

Moderate Growth

In the case of the predominantly dual-purpose (milk and beef) herds of low productivity, however, there is not much opportunity for profitable operation in the milk-producing phase even so. Here, therefore, the means of ensuring profitability could be slaughter-cattle prices that are widely differentiated in accordance with quality and also linked to the requirements of export.

The prices set on the basis of the outlined principles, and applicable to both large-scale farms and small producers, could be supplemented by a premium mostly for the manner in which the milk is handled, but applicable only to large-scale farms. This premium would compensate the large-scale farms also for the costs of organizing production on small farms. In this way the difference between the base price for large-scale farms and the one for small farms would cease. Abolition of this difference would be similar in its significance to the premium for additional milk output introduced in 1977, and its primary purpose would be to halt the decline of the number of cattle on small farms.

If the system of regulation were modified in this manner, subsidies to producers would cease. From the viewpoint of the state budget, however, there would only be a rearrangement of the subsidies, because the bulk of the subsidies paid previously to producers would have to be used to subsidize the prices paid by consumers.

Unlike 5 years ago, the purpose now is not to increase milk production, but to develop efficient production that is able to supply the domestic demand, without increasing--and perhaps even reducing--the burden on the state budget. In the long run, therefore, we have to expect producer and consumer prices that better reflect the production costs.

The most urgent task in regulation at present is to make cattle breeding attractive once again in the class interval of efficient farms, including the small-scale farms. Only in this manner will it be possible to ensure a reduction in the herds of the permanently unprofitable large-scale farms, without jeopardizing domestic supply.

Cooperative Chairman Interviewed

Budapest FIGYELŐ in Hungarian 1 Sep 83 p 15

[Text] We asked Imre Kocsis, chairman of the "Felszabadulás" (Liberation) Agricultural Cooperative in Farad, how he regarded the profitability of cattle breeding.

[Answer] Cattle breeding at present is a minimally profitable branch of livestock production even on the better farms. On the average farm, cattle breeding has ceased to be profitable in recent years.

As of 1 January 1982, the price subsidy that the cooperatives receive for milk has been reduced from 1.80 forints to 1.0 forint per liter. On the other hand the costs of purchased industrial feeds, and--due to the ripple effects of higher energy and fertilizer costs--even of the feed and fodder that the farms themselves produce, have increased.

In my opinion, agricultural cooperatives should be given the option to choose between the premium for an increase of their milk output, and the price subsidy per liter, up to the volume of milk the farms produced the previous year. The option would be warranted because the farms that are no longer able to increase their output through development would be able to earn suitable income with the help of the price subsidies.

On the other hand, the farms that are developing their milk production, or are planning to do so in the near future, could take advantage of the premium for increasing milk production. Incidentally, this would serve also the interests of the national economy because it could prevent a decline of milk production.

The situation in raising beef cattle is even worse. The profit on beef production, including the keeping of cows to produce feeder calves, is minimal and does not provide an incentive to develop production.

By itself, the keeping of breeder cows to produce feeder calves for beef production is unprofitable. In the case of beef, in my opinion, the entire premium, the surcharge for large-scale farms, and the price subsidy should be included in the base price. This would improve the quality of beef production, increase the output and place cattle feeding in an economically acceptable situation. Long term the farms cannot rely on the premiums and surcharges because these can be revoked at any time.

In keeping breeder cows, the subsidy per calf should be increased so that raising the calves will not be unprofitable. The grant per cow to supplement circulating capital in conjunction with enlarging the breeder herd is so small that it does not offer the farms any incentive.

1014
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PHARMACEUTICAL DRUG DEVELOPMENT, SHORTAGES DESCRIBED

Shortage of Painkillers

Warsaw RZECZPOSPOLITA in Polish 18 Aug 83 p 4

[Article by Joanna Trepkowska: "Are Medical Drug Supplies Endangered Again?"]

[Text] (Own information) Problems with pharmaceutical supplies for health care have existed for several years now. The list of shortages continues to include several hundred items. It is no wonder, therefore, that in this situation the production of pharmaceutical drugs saw its own program of operation last year.

Although the necessary funds for the purchase of drug preparations, raw materials and ingredients did not appear until the fall, there finally occurred a certain break in the impasse which existed in the supply of pharmaceuticals owing to the quick implementation of contracts. Slowly, pharmacy shelves began to fill up.

In January of 1983, a rather optimistic prognosis outlined itself for the Polish pharmaceutical industry. The production of drugs once again advanced to the rank of an operative program while the granted foreign-exchange allotments appeared to guarantee the flow of raw material supplies and ingredients to the pharmaceutical drug industry. Unfortunately, things turned out differently in practice. This year's import plans are not being implemented according to the operating plan. Of the foreign-exchange allotments granted to the ministries of health and chemical industry by the decision of the government Presidium of September of last year in the total amount of 250 million dollars, both ministries were only able to utilize approximately 40 million dollars during the first half-year. This has a direct effect on the degree to which the operational plan is implemented by enterprises of the pharmaceutical industry. Thus far, Polfa [pharmaceutical enterprise] for example, has implemented barely 25 percent of its production tasks.

The Lek1 operating plan has again found itself in jeopardy and this indicates a worsening supply of pharmaceutical products as well as gloomy prospects for plants which manufacture pharmaceutical drugs. As a result of considerable shortages of amidopyrine, there is a lack of pain relieving remedies on the market. Actually, the only generally available pain remedies are headache tablets while pyralgin and gardan, which are imported, are incapable of filling the gap

which has developed. The Polfa plants are placing much of their hope in replacing amidopyrine with propylphenazol but this is only in the future.

Information about shortages of anesthetics are also causing concern. Insufficient supplies of nitrous oxide which is imported from GDR are especially troublesome.

Although last year's decision by the government Presidium obligated the herbal industry to intensify the production of herbal remedies, we have been experiencing growing problems for months, actually years with the availability of these remedies. Herbapol guarantees barely half of the supplies to which it is committed by the operating program.

Good news, which has been evident to pharmacy clients for months now, comes solely from plants which manufacture sanitary and first-aid products. At last, the embarrassing problem of hygiene products for women has ended. There is only an insufficient supply of cellulose tissue which is supplied mainly to hospitals in bulk.

It is still difficult to cross out from the list of shortages, heart medication, certain antibiotics, drugs for rheumatism, herbal remedies, biligenic and cholagogue preparations, antitoxins and serums, blood replacement preparations as well as surgical gloves. The number of shortages reported by the pharmaceutical industry currently includes 287 items from among 975 selections in the operating plan. There are 97 drugs which are totally unobtainable; 89 items are included in shortages exceeding 50 percent while 101 items have shortages of less than 50 percent. There are also serious problems in the obtainment of 125 medicinal drugs which are not included in the program.

In connection with the shortage of foreign-currency funds, there is a grave danger that soon the list of shortages will become longer. Reserve supplies of raw materials and ingredients for the production of pharmaceuticals are running out. What can save this situation is the quick implementation of the granted foreign-exchange allotments as well as the subsequent implementation of last year's resolutions passed by the government Presidium on 17 August in regard to the supply and management of pharmaceutical drugs. The Presidium obligates, among others, ministries which manufacture pharmaceutical drugs and sanitary products to modernize and develop the country's pharmaceutical industry.

TFX Immuno-Regulating Drug Development

Opole TRYBUNA OPOLSKA in Polish 15 Aug 83 p 4

[Article by Elzbieta Karalinska: "TFX [thymus factor X] Gives Hope"]

[text] Three mysteriously sounding letters: TFX conclude a 10-year period of research work conducted by technologists from Polfa of Jelenia Gora. The new drug whose name constitutes, as is usually the case, the result of the final "brainstorming" by experts who make up the nomenclature committee, has a chance to find its way onto the production line this year yet. Currently,

the Drug Commission within the Ministry of Health and Social Welfare is involved in the analysis of the presented documentation and the results of the conducted clinical research. The possibility of implementing the licensing of new medical drugs depends in every case on this committee's final opinion.

Even though, TFX has not as yet made its official appearance on the pharmaceutical market, it is already surrounded by great interest. The term "revolutionary" has appeared in newspapers along with information about the broad scope of uses for this preparation: from infectious diseases to malignancies.

The director of Polfa in Jelenia Gora, engineer Boleslaw Jaskolski flinches at the atmosphere of sensationalism created around this newest product manufactured by his plants. "There are no miracle drugs," he explains, "only remedies which are more or less effective, which eliminate disease symptoms or which have an effect on the disease or try to eliminate its causes."

What Is It?

Currently under careful analysis by the Drug Commission, TFX is an organic preparation [organopreparat] with immuno-regulating action. This drug is derived from the thymus gland of young calves.

Interest in the thymus gland, a small gland which is included in the lymphatic membrane category and which plays a vital role in the body's immunological processes dates all the way back to ancient times. The renaissance of this interest followed by earnest research work on the functioning mechanisms of the gland as well as the role of hormones excreted by it has been going on for approximately 20 years in current times.

The inspiration for research work undertaken in this area by the Jelenia Gora Pharmaceutical Plants were experiments with the transplantation of small pieces of the thymus gland conducted by Prof Julian Aleksandrowicz. At that time, and this was exactly 10 years ago, there arose a concept of producing a chemical thymus gland substitute which could, among other things, contribute to the elimination of the risk of antigenic reactions which occur during the transplantation process.

The drug which has been developed as a result of many years of experimenting, has a stimulating effect on the mechanism of immunological processes in man and contributes to the regulation of a disturbed immunological balance. It can, therefore, be used everywhere there occur diagnostically verified symptoms of immunological deficiency or hyperreactivity of the body. From this come the multifaceted uses of this preparation.

Before the Drug Reaches Pharmacies

The new drug has already been through the first, difficult "baptism of fire" which for every drug is represented by clinical tests. TFX has been tested in, among others, clinics for infectious diseases in Warsaw and Poznan, in the Warsaw metropolitan Neurological Clinic and in the Institute of Transplantology

which is located on the same premises as well as in the Krakow Hematological Clinic. These tests lasted almost 4 years and encompassed nearly 400 disease cases. Outstanding specialists employed at these institutions conducted an assessment of the usefulness of the new drug.

The opinions of the specialists as those of the researchers and of potential manufacturers from Polfa of Jelenia Gora are filled with caution. After all, this concerns human health and sometimes even life. Therefore, whether the drug will turn out to be truly effective in practice and whether it will not prove to be a disappointment, as have many "in" drugs at various times, is something that we can tell only a few years from now. This is, after all, a hormone drug and for this reason it is all the more difficult to predict in advance all the reactions of organisms which are exposed to its action.

According to engineer Jan Czarnecki, technologist-specialist from Polfa, this caution does not prevent those who are involved with TFX to harbor the conviction that they have entered an important sphere of problems open to the future. The preparation which has already been developed is undoubtedly not the final form; it will have to be improved continually in step with the progress made by our knowledge.

Another motivational element may be the competition between various international research centers which are taking on similar studies. For example, Americans had begun their research work several years earlier and yet TFX surpasses in certain respects the drugs which they have developed. The Italians have managed to complete their work with lightning speed, i.e. in a matter of a year and a half. However, the daily dose of their drug costs nearly \$200 (the entire treatment sometimes lasts several months).

Research Laboratory

Work begins in the research laboratory. This is where the concept for a new drug begins. The concept is most often inspired by specialistic literature: periodicals and books which inform about the newest directions of pharmacological research and about solutions which are already being implemented in the world. Needs also influence the trend of thought of research. Such a source of inspiration, for example, is the list of imported drugs. What matters then is to develop our own technology. Approximately 80 percent of the developments of Polfa of Jelenia Gora is the work of its own laboratory; only 2 out of a statistical 10 concepts come from other sources: specialistic departments and institutes.

The last few years have been a good and productive period for the research laboratory of the Jelenia Gora Pharmaceutical Plants. "This year already," explains the manager of this establishment, Dr engineer Zygmunt Zborucki, "10 different drug preparations have been sent out for licensing. Besides TFX, an anti-inflammatory preparation for eczema and psoriasis has also found itself among the new developments. This preparation is from the new dermatological line called Latikort which will be produced in ointment, cream and lotion form. Also among the new developments is a veterinary preparation for the treatment of inflamed states of the mammary gland in cows which is produced in the form of so-called, tubo-syringes made from plastic."

In order for a concept to materialize itself and become a veritable medicinal drug, it is necessary to develop not only the technology of the substance itself but also to select the optimal pharmaceutical form--the form under which the drug will be administered. This is not a trivial matter because as a rule and in accordance with standards which are in force, drugs should retain their unchanged quality for as long as a 3-year period of validity. In the pharmaceutical industry there is no room for second- or third-grade products of "rejects". After analytical work which is aimed at determining the proper quality standard for a preparation is completed, tests for measuring the given drug's stability are begun. For a period of at least one-half year, the drug is stored under conditions of artificial aging in special climate controlled cabinets. Only after the drug passes this phase successfully, are clinical tests begun. Polfa of Jelenia Gora works in close cooperation with specialistic clinics which are assigned the testing of new drugs by the Ministry of Health.

Only when the preparation turns out to be beneficial in practice and receives the approval of physicians can action for its licensing be taken. The file of indispensable documentation, samples of the preparation and raw materials from which it is made usually make up a package of considerable size whose contents is presented to the Drug Commission.

The road from a new concept to the production line in pharmaceutical plants is filled with the intensive work of scientists, technologists, designers and physicians. Usually this process is prolonged in time: three, four years in the case of completely new preparations (and not reproduced drugs) is a very short period of time in our conditions. Opinions as to this rate of speed are divided. There are those who complain about the excessive formal-bureaucratic requirements which in their opinion overly delay the entire procedure. Others remind the proponents of hurried licensing of new drugs that mistakes are easily made in haste and mistakes are not allowed here.

This road from concept to industry which every new pharmaceutical drug must cross, and the intensity of effort placed in developing it is worth remembering sometimes when throwing out the next, no longer useful package of medication which is cluttering the home medicine cabinet.

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POLAND

BRIEFS

FOREIGN EMPLOYMENT DEBATE--The employment of Polish citizens abroad was the main subject of debates by the International Commission of the PZPR Central Committee. Through the mediation of Polish institutions, 95,000 Poles are employed abroad. Over the next few years one should not expect a growth in this employment. The commission acquainted itself with a report on the course of the meeting in Madrid. The debates were chaired by Stefan Olszowski.
[Text] [Warsaw Domestic Television Service in Polish 2013 GMT 19 Sep 83 LD]

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CHANGES IN TAX SYSTEM, DIFFERENCES IN TAX SHARE DISCUSSED

Belgrade DORBA in Serbo-Croatian 25 Jul 83 p 6

[Article by Danilo Vukovic: "Autumn Tax Overture"]

[Text] The great differences in taxation among the republics and provinces and the inadequate progression are resulting in departure from the principle of assessment according to economic power and provide the basis for enrichment at which some of the changes in the tax system are aimed.

It seems that after the summer vacations we are having a sultry autumn of taxation. Changes in the tax system have been included in the autumn repertoire for application of the economic stabilization program. New social contracts on coordination of the tax system and tax policy have been announced. And special new taxes are being introduced.

Changes will be made on the basis of analysis of operation and coordination of the tax system and tax policy (as well as other determinations), and the analysis will be examined by the Council of the Republic and Provinces of the Parliament of Yugoslavia in the near future. One of the main preoccupations of the policy is coordination of the tax system, within the framework of the jurisdiction of the republics and provinces, as well as elimination of the exaggerated differences in taxation. The authors of the analysis do not confine themselves merely to recording the situation; they also make suggestions regarding certain decisions to be taken.

Tax Migration

On only one basic question, and it is one of the major changes announced, the possibility of transferring the necessary taxes (sales tax and the like) to direct ones (organizational income and individual incomes), are responses fairly restrained. It is stressed that the sales tax may not be changed, but it is also pointed out that more intensive and consistent activation of other types of taxation is needed, primarily levying of taxes on the individual incomes, property, and interest and rent income of citizens.

We do not know if organizational income was inadvertently omitted from this list, which would mean that the burden would fall on individual incomes. If such is the case, the bill for the transfer would be paid by the poor, labor intensive sectors which employ a relatively larger number of workers, and this does not seem to us to be right.

Regarding the sales tax itself, a basic one, it is stated in the analysis, its economic role is emphasized and gradually increased through higher or lower tax rates determined by the importance of the product taxed in regulation of supply and demand or in production and consumption, together with shifting of the burden to the consumer. (This economic function of the basic sales tax is further confirmed by the fact that cigarettes, liquid fuels, and alcoholic beverages alone account for 36 percent of this burden).

However, the analysis also does not conceal the defects of the tax, which, after all, make the changes referred to necessary. Because of its automatic nature, in times of inflation this tax of itself causes price jumps, in the process enabling manufacturers to solve their problems, despite market conditions, by changing their price lists. Because of the emphasis placed on its fiscal function, taxation based on the actual economic power of the taxpayer is not possible, something which is, after all, the constitutional principle. Overshadowed by these two functions, the economic and the fiscal, the third, social, function is lost.

If we add to this the great diversity of tax policy, which comes to the fore in the case of special taxes (republic and municipal), when each republic and province, and even each community, sharpens its own scissors, we obtain a more complete picture of the deficiencies of taxation, and thus of the unequal position of associated labor organizations in the marketplace. For this reason it is expected that the new social contract of the republics and provinces, which will soon be in force, will coordinate the special tax policy with the basic sales tax, especially as regards exempting products from liability to taxation or prescribing new rates.

But it seems to us that both policies should be brought into line with our material capabilities, something which has not yet been done. The fact itself that the share of the sales tax, basic and special together, in the social product has not undergone substantial change (in 1976 it was 8.0 and in 1982 8.2 percent) is not a source of comfort to the economy when we consider that both then and now the share is large and that, owing to inflation, these different percentages represent far greater amounts because of the logic of arithmetic, and this may even be an optical illusion. The fact is that the sales tax is the source of revenue which it is the easiest to get at, and is the most certain source, so that it has been drawn upon to the greatest extent while other heavier forms of taxation have been neglected and the tax arsenal has remained poorly stocked. Precisely this circumstance and the need for placing the taxes more firmly under the control of associated labor require gradual conversion of a part of the indirect taxes to direct ones, along with elimination of the disparities. In the analysis referred to, these considerations are either timidly advanced or omitted altogether.

Difference to Difference

It is much easier, however, to eliminate the sales tax than to shift it in part to organizational and individual income, where more room has to be made for it. The authors of the amendment to the system expect a difficult task in coordinating the tax on organizational and individual income, where all the elements differ from republic to republic and province to province, from the definition itself of a taxpayer to tax rates and exemptions, where great diversity prevails.

The scissors are in some places duller and in others sharper. So it seems that here it is necessary to start almost from scratch, from adoption of a new social contract on the sales tax system, since the old system has not contributed much toward levelling out the differences, but rather has merely served as formal cover for them. And the different decisions have placed associated labor organizations in unequal positions in the market-place. Both for the organizational and individual income tax and for taxation of citizens there is the problem of tax progression, without which it is scarcely possible to place associated labor organizations in an approximately equal position and to take the portion of income which is easily earned (extra income, annuity and rent returns), in the face of which Yugoslav society has long stood powerless. It is insisted that the tax rates when established must be made proportional or differentiated (varying by groups or sectors), and that payment of this tax in accordance with the economic power of the taxpayer be achieved. This purpose would also be served by coordination of the tax bases, exemptions, and precise identification of taxpayers, although it is impossible to insist on complete uniformity. It must be said that the source from which tax is paid--individual or organizational income on the one hand, or sales tax on the other--is less important to associated labor organizations than the amount of tax. And the greatest handicap in our country is that tax is paid at predetermined rates, the origin of the handicap being inflation, and in this way general and collective consumption are deeply affected and surpluses are formed. So if our society fails to find the correct solution and mechanisms for alleviating the burden on the economy, even the announced tax changes will be inadequate.

As it is, our tax system and tax policy have long been faced with a dilemma: what should be taxed more, organizational or individual income? It suits sectors with a larger organic capital component, and, of course, a higher income per worker, to shift the bill to individual incomes, and the labor intensive sectors (construction, textiles, etc) to organizational income, since they employ a larger number of workers. The figures show that for some time now, specifically since 1978 when the process of shifting from tax on individual incomes to tax on organizational income was stopped, the arrow has been pointing in the opposite direction. In 1980 the proportion was 66.54 versus 33.46, and in 1982 61.87 versus 38.13 percent in favor of the tax on organizational income, something which indicates reorientation of the tax in the direction of individual incomes. It is important, however, to strike the proper balance.

However, the fact itself that the share of both in revenue is declining (in 1980 it amounted to 3.19, and in 1981 to 2.97) does not indicate relief of the tax burden on the economy but shifting of the obligation to the sales tax, which has been in progress for a long time and which has reached considerable dimensions (see the tax table structure).

The new orientation toward gradual transformation of a part of the sales tax into tax on organizational and individual income will necessitate reduction of general and collective consumption to make more room for this operation and to improve the reproduction capacity of the economy. Without this we would have the opposite effect of placing a heavier burden on the organizational or individual incomes of associated labor organizations, to the detriment of the reproduction capacity of the economy.

Unacceptable Interest and Rent Income

The full burden of the sales tax cannot, of course, be shifted entirely to organizational and individual income, and accordingly a greater part will be played by activation of other forms--taxation of income from real estate, personal property and property rights, and revenue of citizens and farmers. And all this taxation has been insufficient, owing either to the weakness of our tax services, from the scissors of which revenue has escaped as a fish gets away from an eel, or to the nonchalance of the sociopolitical collectives, which have opted rather to draw on revenue sources which are easier to get at. The consequence of this practice is that the public sector of the economy is relatively more heavily taxed than the private, where the foundation is laid for private enrichment.

For the time being it is hard to speak in detail about what the autumn tax package will bring us in this respect, but some facts can be gleaned from the statements made thus far and from the items in the analysis itself. The existing laws of the republics prescribe steep rates for real estate sales, although even here there are differences in treatment. It is felt, however, that until conditions exist in the marketplace which will make it possible to shift the burden of the real estate sales tax from the seller to the buyer it will not be possible to gain access to any great extent to the already high pliered urban interest and rent income. It follows that the correct solutions in the policy for this tax can be found only by means of economic and other measures which would act to reduce the demand for real estate in the marketplace and to moderate further increase in prices.

The current real estate sales tax will otherwise be adapted to the needs of housing construction, particularly individual construction. It is believed that moderating the steep progression would lead to greater commitment of the personal funds of citizens to housing construction. Even exemption from taxation is provided for citizens who sell real estate, land, single-family dwellings, and apartments in order to buy or build single-family dwellings or apartments to facilitate solution of family housing problems (for instance, problems involved in moving of families,

etc.). Exemption from the tax would also encourage investment of funds and buildings in housing cooperatives, and tax reductions would also be considered for purchase of publicly owned apartments by citizens.

As regards income from ownership of property and property rights, which are taxed at progressive rates, the analysis merely diagnoses the situation and notes the differences in treatment. However, the social contract of the republics and provinces to be concluded in the near future introduces a special tax on income from property (see insert) which will also be applied to certain other forms of citizens' revenue which are of the nature of individual income.

A Bar to Enrichment

Property and income from it, together with the total income of citizens, are the last Mohicans to which progressive rates are applied under the current system, even though it is only by means of them that it has been possible to dip more deeply into income acquired without work or with little work (proportional rates are applied even to winnings from games of chance). Hence particular attention and support should be given to the findings that progressive rates should be more widely applied, at least in the taxation of citizens. Unless this is done there is no application of the principle of taxation according to economic power, nor is there effective counteraction of enrichment, especially enrichment not involving labor, which is becoming more and more of a social and political problem. Progressive taxation is the best bar to enrichment.

It may otherwise freely be said that our tax system is one of those in which progressive taxation is less well represented and in which more room could be made for it.

A more prominent role is assigned in the tax system to taxation of farmers, an aspect of taxation which is a hard nut for the revenue authorities to crack. The difficult choice is between taxation of land register income (average revenue acquired under average conditions) or taxation of actual income. The former is an incentive to production, but has displayed many defects in application, chief among which is the fact that it does not keep pace with the increase of farmers. Hence preference is given to taxation of actual income, especially wherever farmers acquire revenue from various other activities and not from land, which remains untaxed.

But faced with the practical impossibility of establishing the actual income of all 4 million of these rural taxpayers, the authors of the changes in the tax system are deciding on a sort of twofold approach: taxation of land register revenue, but also taxation of actual income wherever possible, with the note that taxation of actual income should be as widely applied as possible, something which is, after all, in harmony with the principle of taxation according to economic power. In addition, constant exploitation of land register revenue should be pursued, which apparently has not kept pace with the times nor with inflation, for which reason the tax share of agriculture is relatively small.

More Taxpayers

As regards artisans and other citizens who earn income by individual labor and resources, their treatment varies widely among the republics and provinces; hence it is necessary to coordinate and unify the types of taxes and their basic elements (definitions of taxpayers, tax bases, rate categories, etc). For this purpose new social contracts will be concluded, and in them it is expected that there will be broader taxation according to actual income, taxation which will of course stimulate rather than create a disincentive to the private economy.

A more prominent role is also planned for the tax on the total income of citizens, which serves as a corrective factor tending to reduce social differences, since reduction of the amount not taxed in effect increases the number of taxpayers. (Up to the present this amount has been three average individual incomes.) In reality, this tax has for years been diluted and minimized, precisely by increasing the amounts not liable to taxation and granting various reductions, so that it has been reduced to a token amount and has been unable to exert substantial influence in the direction of reducing social differences.

It can, of course, perform its function not only as a result of sharpening of the tax scissors, but also as a result of training and modernization of the tax services, a matter to which, it seems to us, the analysis does not devote the necessary attention. And any system of citizen taxation can hardly be effective without training these services.

And so, when all this is put together, we see that we have a rich autumn tax "overture." It seems to us that this is not simply a question of mere coordination of the tax system, as might be inferred from the timidly worded title of the analysis in question, but of significant changes in the tax system. And without thoroughgoing changes, if, for example, we should keep the eight tax systems and the hundred tax policies in the communities and republics, we can hardly speak of unity of the Yugoslav market. Without sharpening the tax scissors for individual revenue categories, our fight against enrichment would be more of a verbal than of a practical nature, on the order of merely yelling out "stop, thief."

Taxes are of cardinal importance to our stabilization program, and especially to the situation in the marketplace, and accordingly we can no longer close our eyes to the defects in our system. In a system in which everything--except the basic (federal) sales tax--has been shifted to the republics and provinces, the tax system cannot function properly unless the tax bonds are strong and firm.

The Special Tax

According to the proposed social contract, special taxes would be paid by owners or users of land, citizens who earn income by their own labor and resources or on the basis of copyrights, patents, and technological advances, and by renting out personal property or real estate on which

tax is paid by law. In addition, this tax would also apply to inheritance of real property subject to taxation, passenger automobiles, trucks and cargo trailers, tractors, and watercraft. Also included in this category of items subject to taxation are inheritances (or gifts), real property, and games of chance.

The special tax rate would be 5 percent. An annual lump sum tax would also be paid in the following amounts:

On passenger automobiles with a cylinder displacement volume of up to 1 liter, 1,000 dinars;

on passenger automobiles with a cylinder displacement volume of up to 2 liters, 2,000;

on passenger automobiles with a cylinder displacement volume greater than 2.0 liters, 3,000;

on trucks with a carrying capacity up to 4 tons, 5,000 dinars;

on trucks with a carrying capacity over 4 tons, 10,000 dinars;

on trailers and tractors, 1,000 dinars;

on watercraft with engines of up to 18 horsepower, 1,000 dinars;

on watercraft with engines exceeding 18 horsepower, 2,000 dinars.

Revenue Collection by Tax Categories

Tax	1981	1982
Sales tax	75.87	76.39
Tax on income of basic associated labor organizations and other labor organizations	12.28	11.10
Tax on individual incomes of workers under employment contract	6.63	6.86
Tax on individual incomes of citizens (farmers, craftsmen, etc)	3.14	3.37
Tax on revenue and property citizens	2.08	2.28
Total	100.00	100.00

Different Rates

Republic (Province)	Rates for organizational income (1982)	On individual incomes (1981)
Bosnia-Herzegovina	3 percent	--
Montenegro	40 percent	0.4 percent
Coratia	1.84-8.84 percent	0.20-0.50 percent
Macedonia	1.5 percent	1.80 percent
Slovenia	4 percent	1 percent
Serbia (outside provinces)	3.20 percent	1.37 percent
SAP Kosovo	0.50 percent	0.50 percent
SAP Vojvodina	3 percent	2 percent

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